

Representative Jack R. Draxler proposes the following substitute bill:

CLEANER BURNING FUELS TAX CREDITS AMENDMENTS

H→ AND RELATED FUNDING ←H

2013 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Jack R. Draxler

Senate Sponsor: Kevin T. Van Tassell

LONG TITLE

General Description:

This bill amends corporate and individual income tax credits for cleaner burning fuels

H→ and provides for transfers from the General Fund into the Education Fund in the amount of tax credit claimed minus \$500,000 ←H .

Highlighted Provisions:

This bill:

- ▶ defines terms;
- ▶ modifies eligibility requirements to claim tax credits for cleaner burning fuels;
- ▶ extends corporate and individual income tax credits for cleaner burning fuels until

the end of taxable year **H→ [2018] 2019 ←H ; H→ [and]**

▶ requires transfers from the General Fund into the Education Fund in the amount of tax credit claimed minus \$500,000;

▶ grants rulemaking authority to the State Tax Commission; and ←H

- ▶ makes technical and conforming changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill has retrospective operation for a taxable year beginning on or after January 1, 2013.



119 the transportation of persons or property; and

120 (ii) includes construction or maintenance equipment.

121 (2) For taxable years beginning on or after January 1, [2009] ~~H~~→ [2013] 2014 ←~~H~~ ,

121a but beginning on or

122 before December 31, [2013] ~~H~~→ [2018] 2019 ←~~H~~ , a taxpayer may claim a tax credit against

122a tax otherwise due

123 under this chapter or Chapter 8, Gross Receipts Tax on Certain Corporations Not Required to
124 Pay Corporate Franchise or Income Tax Act, in an amount equal to:

125 (a) \$605 for the original purchase of a new qualifying electric or hybrid vehicle that is
126 [~~not fueled by compressed natural gas if the vehicle is~~] registered in [~~Utah and meets air quality~~
127 ~~standards and fuel economy standards~~] this state;

128 (b) for the purchase of a vehicle fueled by [~~compressed~~] natural gas that is registered in
129 [~~Utah~~] this state, the lesser of:

130 (i) \$2,500; or

131 (ii) 35% of the purchase price of the vehicle;

132 (c) 50% of the cost of equipment for conversion, if certified by the board, of a motor
133 vehicle registered in [~~Utah~~] this state minus the amount of any clean fuel grant received, up to a
134 maximum tax credit of \$2,500 per motor vehicle, if the motor vehicle is to:

135 (i) be fueled by propane, natural gas, or electricity;

136 (ii) be fueled by other fuel the board determines annually on or before July 1 to be at
137 least as effective in reducing air pollution as fuels under Subsection (2)(c)(i); or

138 (iii) meet the federal clean-fuel vehicle standards in the federal Clean Air Act
139 Amendments of 1990, 42 U.S.C. Sec. 7521 et seq.; and

140 (d) 50% of the cost of equipment for conversion, if certified by the board, of a special
141 mobile equipment engine minus the amount of any clean fuel grant received, up to a maximum
142 tax credit of \$1,000 per special mobile equipment engine, if the special mobile equipment is to
143 be fueled by:

144 (i) propane, natural gas, or electricity; or

145 (ii) other fuel the board determines annually on or before July 1 to be:

146 (A) at least as effective in reducing air pollution as the fuels under Subsection (2)(d)(i);

147 or

148 (B) substantially more effective in reducing air pollution than the fuel for which the
149 engine was originally designed.

150 (3) A taxpayer shall provide proof of the purchase of an item for which a tax credit is
151 allowed under this section by:

152 (a) providing proof to the board in the form the board requires by rule;

153 (b) receiving a written statement from the board acknowledging receipt of the proof;

154 and

155 (c) retaining the written statement described in Subsection (3)(b).

156 (4) Except as provided by Subsection (5), the tax credit under this section is allowed
157 only:

158 (a) against ~~[any Utah]~~ a tax owed under this chapter or Chapter 8, Gross Receipts Tax
159 on Certain Corporations Not Required to Pay Corporate Franchise or Income Tax Act, in the
160 taxable year by the taxpayer;

161 (b) ~~[in]~~ for the taxable year in which ~~[the]~~ ~~it~~ ~~→~~ ~~[, or the next taxable year after which,]~~ ~~←~~ ~~it~~
161a an item

162 ~~[is purchased for which the tax credit is claimed]~~ described in Subsection (2)(a) or (b) is
163 purchased or conversion equipment described in Subsection (2)(c) or (d) is installed; and

164 (c) once per vehicle.

165 (5) If the amount of a tax credit claimed by a taxpayer under this section exceeds the
166 taxpayer's tax liability under this chapter or Chapter 8, Gross Receipts Tax on Certain
167 Corporations Not Required to Pay Corporate Franchise or Income Tax Act, for a taxable year,
168 the amount of the tax credit exceeding the tax liability may be carried forward for a period that
169 does not exceed the next five taxable years.

170 ~~[(6) The tax credit provided by this section may be taken only once per vehicle.]~~

170a ~~it~~ ~~→~~ **(6) In accordance with any rules prescribed by the commission under Subsection (7),**
170b **the commission shall transfer at least annually from the General Fund into the Education**
170c **Fund an amount equal to the difference between:**

170d **(a) the amount of tax credit claimed under this section; and**

170e **(b) \$500,000.**

170f **(7) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the**
170g **commission may make rules for making a transfer from the General Fund into th Education**
170h **Fund as required by Subsection (6).** ~~←~~ ~~it~~

171 Section 2. Section **59-10-1009** is amended to read:

172 **59-10-1009. Definitions -- Cleaner burning fuels tax credit.**

173 (1) As used in this section:

174 (a) "Air quality standards" means that a vehicle's emissions are equal to or cleaner than
175 the standards established in:

243 in accordance with 40 C.F.R. Part 86, Control of Emissions from New and In-use Highway
 244 Vehicles and Engines, using all fuel the motor vehicle is capable of using;

245 (C) for a retrofit natural gas vehicle that is retrofit in accordance with Section
 246 19-1-406, testing that as a result of the retrofit, the retrofit natural gas vehicle satisfies the
 247 emission standards applicable under Section 19-1-406; or

248 (D) any other test or standard recognized by board rule, made in accordance with Title
 249 63G, Chapter 3, Utah Administrative Rulemaking Act; or

250 (ii) for purposes of special mobile equipment on which conversion equipment has been
 251 installed, that the special mobile equipment's emissions of regulated pollutants, when operating
 252 on fuels listed in Subsection (2)(d)(i) or (ii), is less than the emissions were before the
 253 installation of conversion equipment, as demonstrated by:

254 (A) certification of the conversion equipment by the federal Environmental Protection
 255 Agency or by a state that has certification standards recognized by the board; or

256 (B) any other test or standard recognized by board rule, made in accordance with Title
 257 63G, Chapter 3, Utah Administrative Rulemaking Act.

258 (j) "Special mobile equipment":

259 (i) means any mobile equipment or vehicle not designed or used primarily for the
 260 transportation of persons or property; and

261 (ii) includes construction or maintenance equipment.

262 (2) For taxable years beginning on or after January 1, [2009] ~~H~~→ [2013] 2014 ←~~H~~ , but
 262a beginning on or
 263 before December 31, [2013] ~~H~~→ [2018] 2019 ←~~H~~ , a claimant, estate, or trust may claim a
 263a nonrefundable tax

264 credit against tax otherwise due under this chapter in an amount equal to:

265 (a) \$605 for the original purchase of a new qualifying electric or hybrid vehicle that is
 266 [~~not fueled by compressed natural gas if the vehicle is~~] registered in [~~Utah and meets air quality~~
 267 ~~standards and fuel economy standards~~] this state;

268 (b) for the purchase of a vehicle fueled by [~~compressed~~] natural gas that is registered in
 269 [~~Utah~~] this state, the lesser of:

270 (i) \$2,500; or

271 (ii) 35% of the purchase price of the vehicle;

272 (c) 50% of the cost of equipment for conversion, if certified by the board, of a motor
 273 vehicle registered in [~~Utah~~] this state minus the amount of any clean fuel conversion grant

274 received, up to a maximum tax credit of \$2,500 per vehicle, if the motor vehicle:

275 (i) is to be fueled by propane, natural gas, or electricity;

276 (ii) is to be fueled by other fuel the board determines annually on or before July 1 to be
277 at least as effective in reducing air pollution as fuels under Subsection (2)(c)(i); or

278 (iii) will meet the federal clean fuel vehicle standards in the federal Clean Air Act
279 Amendments of 1990, 42 U.S.C. Sec. 7521 et seq.; and

280 (d) 50% of the cost of equipment for conversion, if certified by the board, of a special
281 mobile equipment engine minus the amount of any clean fuel conversion grant received, up to a
282 maximum tax credit of \$1,000 per special mobile equipment engine, if the special mobile
283 equipment is to be fueled by:

284 (i) propane, natural gas, or electricity; or

285 (ii) other fuel the board determines annually on or before July 1 to be:

286 (A) at least as effective in reducing air pollution as the fuels under Subsection (2)(d)(i);

287 or

288 (B) substantially more effective in reducing air pollution than the fuel for which the
289 engine was originally designed.

290 (3) A claimant, estate, or trust shall provide proof of the purchase of an item for which
291 a tax credit is allowed under this section by:

292 (a) providing proof to the board in the form the board requires by rule;

293 (b) receiving a written statement from the board acknowledging receipt of the proof;

294 and

295 (c) retaining the written statement described in Subsection (3)(b).

296 (4) Except as provided by Subsection (5), the tax credit under this section is allowed
297 only:

298 (a) against ~~[any Utah]~~ a tax owed under this chapter in the taxable year by the claimant,
299 estate, or trust;

300 (b) ~~[in]~~ for the taxable year in which ~~[the]~~ ~~it~~ ~~→~~ [, or the next taxable year after which,] ~~←~~ ~~it~~
300a an item

301 ~~[is purchased for which the tax credit is claimed]~~ described in Subsection (2)(a) or (b) is
302 purchased or conversion equipment described in Subsection (2)(c) or (d) is installed; and

303 (c) once per vehicle.

304 (5) If the amount of a tax credit claimed by a claimant, estate, or trust under this

305 section exceeds the claimant's, estate's, or trust's tax liability under this chapter for a taxable
306 year, the amount of the tax credit exceeding the tax liability may be carried forward for a period
307 that does not exceed the next five taxable years.

308 [~~(6) The tax credit provided by this section may be taken only once per vehicle.~~]

308a **H→ (6) In accordance with any rules prescribed by the commission under Subsection (7),**
308b **the commission shall transfer at least annually from the General Fund into the Education**
308c **Fund an amount equal to the difference between:**

308d **(a) the amount of tax credit claimed under this section; and**

308e **(b) \$500,000.**

308f **(7) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the**
308g **commission may make rules for making a transfer from the General Fund into th Education**
308h **Fund as required by Subsection (6).** ←H

309 Section 3. **Retrospective operation**

310 **This bill has retrospective operation for a taxable year beginning on or after January 1,**
311 **2013.**